

EXHIBIT II

***SAMPLE HOUSING PLAN:
CITY OF MILES CITY***

HOUSING PLAN

AN ASSESSMENT OF HOUSING STOCK AND PLAN FOR IMPROVEMENTS

CITY OF MILES CITY, MONTANA

***Amended and
Adopted by***

The City Council of the City of Miles City

September 10, 1993

Compiled By

Business Services, Inc.

White Sulphur Springs, Mt.

RESOLUTION 2620

RESOLUTION 2620: AMENDING RESOLUTION 2538, PROVIDING FOR A HOUSING IMPROVEMENTS AND NEIGHBORHOOD REVITALIZATION PLAN FOR THE CITY OF MILES CITY, AND ADOPTING GOALS AND OBJECTIVES TO GUIDE THE HOUSING AUTHORITY OF MILES CITY IN CARRYING OUT THE PLAN

WHEREAS, the City of Miles City has conducted community surveys, public hearings, and an assessment of the housing stock in the City of Miles City, and


WHEREAS, the assessment process has produced a priority list of needed improvements and funding sources for housing, and a list of Goals and Objectives for Housing Improvements and Neighborhood Revitalization.

NOW THEREFORE, the City Council of the City of Miles City does hereby adopt the attached updated Housing Assessment and Plan, and the list of Goals and Objectives, as a guide for future scheduling of housing improvements.

Passed and Adopted by the City Council of the City of Miles City, Montana, this 10th day of September, 1993.


MAYOR

ATTEST:


Deputy CITY CLERK

GOALS AND OBJECTIVES
1991 through 1996
CITY OF MILES CITY
MILES CITY HOUSING AUTHORITY

GOALS:

1. Provide decent, safe, low-cost, energy efficient housing for elderly and low income households in the City of Miles City.
2. Increase housing choices and fair housing opportunities to all citizens of Miles City.
3. Encourage private sector investment in housing for low income and elderly households through cooperation with local lenders and investors.
4. Revitalize and reverse decline in neighborhoods in Miles City.
5. Encourage affordable and appropriate assistance with housing costs to low income and elderly households, females heads of families, minorities and disabled.

OBJECTIVES:

1. Actively pursue the creation and rehabilitation of housing units in the downtown area of Miles City for Senior Citizens; pursue the creation of transportation services for Senior Citizens now living in location inconvenient to necessary services.
2. Diligently pursue an ongoing program of housing rehabilitation of substandard units occupied by low and moderate income throughout the City of Miles City.
3. Encourage the cleanup and revitalization of specific neighborhoods by offering assistance with demolition, fire training exercises, enforcement of the Abatement of Dangerous Buildings and other Codes, and sponsoring cleanup campaigns in the City.
4. Encourage cooperation among all branches of City and County government and civic groups for the improvement of public facilities serving low income neighborhoods, through matching funds, in-kind services, and grant contributions, to reduce impact on low income households from taxes, assessments and fees.
5. Seek out and explore all possibilities for funding housing and neighborhood improvements, rent subsidies and energy conservation for low income families and elderly, including local financial institutions, state and federal grant funding, and by continuing to develop a local revolving loan fund for households unable to afford improvements with conventional funding.
6. Support and encourage the Miles City Commission for Arts, Culture, and Historic Preservation, in the preservation of Miles City's valuable historic resources in architecture and building construction.

**HOUSING IMPROVEMENTS AND
NEIGHBORHOOD REVITALIZATION PLAN
for
THE CITY OF MILES CITY**

ANALYSIS OF HOUSING STOCK

Miles City had its beginning as "Miles Town", built as a complement to Fort Keogh. In 1879, following the building of the Northern Pacific Railroad, the Town was moved two miles east to the confluence of the Tongue and Yellowstone Rivers and renamed Miles City. A huge building boom took place in the original townsite between 1879 and 1886, when the majority of the stately brick and false fronted buildings were built. Following the disastrous winter of 1885-86, building declined substantially for nearly ten years. The next building boom started in approximately 1896 and escalated rapidly until after the homestead era in 1917. The population of Miles City peaked in 1917 at 9,000, only 600 persons less than its population 63 years later in 1980. Population in 1990 was 8,254, an apparent decline of 12% since 1980, to a level not seen since 1914.

In 1924 and 1925, eighteen major residential subdivisions were annexed, nearly quadrupling the size of Miles City. There were very few additional major developments or annexation until the building boom of the seventies when 425 permits were issued for new housing units. From 1976 through 1978, a number of small commercial tracts and subdivisions, and several sizable residential subdivisions outside the City limits were approved, but only two of the subdivisions have been annexed to date.

The City of Miles City retained a consultant in June, 1991, to study and assess the housing stock in the City. The first task undertaken was determining the approximate age of housing in the various sections of town. By working with the County Appraiser, the following dates and statistics were developed: (the annexation dates of a few smaller additions have not been established)

1909 The Original Miles City Townsite annexed

Additions, Group I (1924-25-26)

Baker Addition	East High School Addition
Bender Park/Addition	East Side Addition
Highland Park	Elgin Park Addition
Clarks Addition	Hamilton Addition
Darlings Addition	High School Addition
Hunters Addition	Schmalsie and Ullman
Jackson Arnold Addition	Snyders Addition
Leighton-Garlock Addition	Miles Division
Park Addition	Sorenson's Addition
Stacy Addition	Woodland Park Addition

Additions, Group II (1932 through 1972)

Miles Reserve	Hough Acres
Drews Tracts	Legion Addition
Klamen Property	Cope Addition
Dyba Addition	Country Club Addition
Stoltz Addition	Hardesty Suburban Tracts
Pioneer Subdivision	Ramer Subdivision

Additions, Group III, (1975-76-77-78)

Doeden Addition	Horizon Park
Jacobsen's Addition	Jardine Subdivision
Lynam Subdivision	Michels Tracts
Miles City Mall	Community College Tract
Neu Vu Subdivision	Southgate Meadows

According to Census figures, Miles City in 1970 contained 3,403 housing units, including 1980 owner occupied, 1,112 renter occupied and 311 vacant units.

Between the years 1971 through 1979 permits were issued for the construction of 425 units of new housing. During those same years, 16 permits were issued for demolition. The permits do not specify whether these demolitions included more than one living unit, or whether they were commercial or residential.

In 1980, there were a total of 3,683 living units counted in the City, including 2983 owner occupied and 700 rental units. Of the total units, there were 218 vacant units in the City. These figures do not compute with the combined 1970 census figures plus the building permits issued. Unforeseens may have developed, such as unused permits, or more demolition than recorded; also possibly residential properties were remodeled for commercial use in some areas.

The 1990 census showed that Miles City contains 4,006 housing units. This included 2,285 owner occupied, 1,221 renter occupied, and 500 vacant units. Of the vacant units, 108 were for sale only, 214 were for rent, and the balance were vacant for other reasons, such as seasonal, in transition between occupants, or uninhabitable. The vacancy rates shown by the Census were unnaturally high, as the survey was done during the months when the students of the Miles Community College were dismissed for the summer.

Between the years 1980 through June, 1991, 117 building permits were issued for new residential living units and 61 were issued for demolition (including commercial demolition.) Only 3 permits for new units were issued in 1990 and 91, so it appears that the Census figures partially corrected themselves and accounted for the most of the units missed in the 1980 Census.

Housing Characteristics

	1970	1980	1990
Total Housing Units	3,403	3,683	4,006
Renter Occupied	1,112	700	1,221
Owner Occupied	1,980	2,983	2,285
Vacant	311	218	500
Vacant For Rent	191	na	214
Vacant For Sale	40	na	108

Since 1990, the above figures have become obsolete. Miles City has experienced a complete reversal of housing demand and occupancy in the last three years, similar to that of the rest of Montana. An influx of out-of-state households has caused pressure on available housing, and since many of these households have low or no income, housing rent assistance has also been exhausted. The local Farmer's Home Administration Office reports that their funding for the construction of modestly priced housing is at least twelve months behind the demand.

Escalating property values have produced similar increases in property taxes, impacting homeowners on fixed income. This has produced a crisis in the ability of these homeowners to maintain their homes, and is contributing to the deterioration of housing stock already in poor condition in many areas of the city.

GOALS

As part of the strategy developed during the Certified Cities process, it was determined that the housing stock in Miles City is an essential part of future development. The Chamber of Commerce, the banks, the Planning Board, the City Council and the Housing Authority have been involved in developing a strategy for implementing the goals for the development, improvement and growth of the City.

Custer County has historically depended upon coal, petroleum industry and agriculture for economic sustenance. A drastic decline in the oil industry between 1984 and 1986 had a devastating effect on the area. However, the construction of the Tongue River Railroad, hopefully beginning in the next few years, is expected to have a positive impact on the population and employment. As many as 100 people are expected to be employed during construction, and about 65 for operations after construction. Also, the tightening of admissions standards in State colleges and universities could substantially increase the enrollment at Miles Community College. This phenomenon is happening in 1993, with at least 50 students being turned away from MCC due to lack of available housing.

The City, through the Housing Authority, has developed what seems to be reasonable goals for increasing housing quality, increasing the availability of low cost housing, and expanding housing choices. Miles City will continue its long term program of utilizing Federal, State, and local sources for housing rehabilitation, encouraging the elimination of units unsuitable for rehabilitation through code enforcement, and encouraging the development of new housing suitable for Senior Citizens, through HUD HOME, FmHA HPG and other programs.

Attached is a list of Goals and Objectives adopted by the City to guide the Housing Authority, and a proposed five year schedule that includes repairs to public facilities in targeted neighborhoods. This five year plan was adopted in 1991. Also included is a progress and implementation plan and status of the plan in 1993.

RESOURCES

The City has an effective Zoning Ordinance and review process to promote the orderly development of the City, and in 1990 updated their adopted Certification for enforcing the Uniform Building Codes. In addition, the City adopted and regularly updates an ongoing plan for the improvement and maintenance of its public facilities using City-wide street and facilities improvement and maintenance districts, a city-wide Parks improvement and maintenance district, gas tax funds and other resources. The Coal Board has been instrumental in assisting with major projects for public facilities. The City is also Certified for Historic Preservation, and participates in a contract with the State Historic Preservation Office for that purpose. In 1980 the city adopted a formal Flood Plain ordinance that is enforced through the building permit process.

In 1982, an 16 unit FmHA housing complex was constructed on Miles City's south side, in addition to a 32 unit complex built earlier. Unfortunately, these complexes are located nearly two miles from the main commercial area, which is extremely inconvenient for the occupants. It appears from the statistics that additional funds from FmHA for multifamily housing might be justified, especially for Senior Citizens, closer to the downtown area. The City, through the Housing Authority, will work with the banks in an attempt to locate an investor who might be willing to explore this possibility.

The Farmers Home Administration allocates about \$200,000 per year for improvements to the homes of low and moderate income households through the Housing Preservation Grant Program. The application process is competitive, with approximately three communities funded out of nine or ten applicants. Communities with a funded housing rehabilitation program in place, who can blend FmHA funds with other sources, have a better chance of being funded through this program. Miles City has unsuccessfully applied for this funding three times, including applications in 1992 and 1993. In the past, the community has received funds from the HUD Rural Rental Housing program that was matched with private funds, for a total of over \$75,000 of rehabilitation activities. HRDC funds for weatherization activities will be pursued. Action for Eastern Montana, the administrator of HRDC

Energy Program funds, will supply up to \$650 per unit for materials for weatherization to very low income families receiving heat assistance (LIEAP) for at least a year. The Solar Bank program, that provided 50% of the cost of new heating system, has been eliminated. Income levels for assistance eligibility under HRDC are much lower than for HUD, limiting the number of households that can be assisted.

All three Banks in Miles City are participating in a program of interest subsidized bank loans, and at least one is utilizing the HUD Title I Home Improvement Loan Guarantee program. This will lengthen the payback terms on loans, making payments even lower for borrowers. First Bank Miles City has just completed a program for providing home equity loans up to 100% of the value of any home, with no closing or appraisal costs, and implemented 114 loans. The program is being repeated during the fall of 1993. A substantial majority of the loan funds were spent on housing improvements.

Community Development Block Grants and HUD HOME funds can be obtained by the City for direct loans and deferred loans to property owners, as well as interest subsidy on bank loans, and the demolition and removal of dangerous and unsightly properties.

STRATEGY

Discussions between the Housing Authority and the City maintenance crew, as well as studying the building permits issued for the last 20 years, established that the Original Townsite and the additions just north have had the least rehabilitation and replacement of housing. It was agreed that when considering a program of rehabilitation, the past policy of addressing the oldest and neediest sections of town first should be continued. Neighborhoods located in the more hazardous areas of the flood plain, where mortgages on residential property require huge insurance premiums, or mitigation measures that cost far more than is cost effective for the program will be ineligible. The City is working with the Corps of Engineers to improve and upgrade the flood protection levee. When that project is completed, hazard designations will be substantially changed and the City should be able to serve the households in the areas that are now considered high flood hazard.

The Housing Authority intends to identify a new project area for intensive rehabilitation every two years. By utilizing several funding sources, units outside the CDBG project area can be served, when households with high need or emergencies apply. The Housing Authority will diligently seek investors to rehabilitate appropriate structures in the areas close to downtown shopping, medical facilities and churches to accommodate the needs of the elderly population of Miles City. The HA will also assist these investors in obtaining federal, state and local funds at reasonable terms to accomplish the rehabilitation.

As the result of a Needs Assessment process identifying housing rehabilitation, especially rental

rehab, as the highest need in housing improvements, the City will apply for Community Development Block funds in 1993. These funds will be used for rehabilitation of owner occupied and existing rental housing units. Assistance will be in the form of direct city loans and deferred loans and interest subsidized bank loans. Demolition of residential units not suitable for rehabilitation will also be included as part of the program.

Selecting a project area for 1993 was not difficult. During the 1991 program several outreach and promotion efforts were conducted by the Housing Authority, the local radio station and the Miles City Star. Many of the households responding to the outreach were located outside the 1991 project area. The majority of the requests for rehabilitation assistance came from the area designated as the 1993 project area. Requests came from 9 single family households and the owners of 36 units of multifamily housing in the area identified for the 1993 program.

The Housing Authority will attempt to supplement the CDBG funds by continuing to apply for FmHa Housing Preservation Grant funds to serve units occupied by very low income households. These might be located outside a CDBG project area, but the majority will be very low income households located in the current project area who need more work than the limited CDBG funds can supply.

The Housing Authority will continue to work with the Department of Commerce with the HUD HOME program to rehabilitate and create rental units to be occupied by low income households. It will also continue to acquire and manage housing units when appropriate, and will begin a program of counselling and assistance for households who do not qualify for the low income programs. Counselling on energy conservation and other rehabilitation, help with work writeups, and obtaining qualified contractors will be included in this part of the program.

Home ownership is becoming a severe problem for young families. The Housing Authority will work with First Bank Miles City to start a Homebuyers Club, to educate potential homebuyers. The agenda will include information about subsidies available through state and federal programs to assist with down payment and closing costs.

However, purchases of homes will still be difficult for these families. The available stock of affordable housing in Miles City is almost exhausted, and property values are rapidly escalating beyond the means of lower income families. The Housing Authority will actively pursue programs to create new housing units, examining the possibility of acquiring land that could be placed in a permanent trust and developed with modular or manufactured housing.

RESULTS

The Housing Authority, with the Eastern Montana HRDC, has been responsible for the majority of housing assistance to low income and elderly households in the last fifteen years. The Housing

Authority has been responsible for the rehabilitation of over 100 units of housing under CDBG, 13 units under the Rural Rental Rehabilitation program, and 10 units under Section 8 Mod Rehab. HRDC manages rent assistance through Section 8, with 86 certificates and vouchers for rent assistance and 10 units of Moderate Rehab in Custer County. The demand continues, as the Agency has a waiting list of 293 households in its Eastern Montana region. HRDC has assisted over 100 families in the Custer County with weatherization activities in the last five years.

The City of Miles issued permits for 19 units of new single family housing between 1985 and June of 1991. This compares with 88 in the years between 1980 and 1984 (total 117 during the '80's), and 425 during the 70's. This indicates a very slow increase in housing choices. During the 1980's nearly 800 permits were issued for remodeling existing residential properties. 48 units of FmHA rent subsidized housing complex were built nine years ago. Several dilapidated houses have been demolished under the City's Abatement codes,

Due to the increased housing demand, housing construction is picking up in Miles City. Since June of 1991, 25 new homes have been built, for a total investment of \$1,394,154. This includes three duplexes, and in addition a new group home for the developmentally disabled was constructed. The stated cost of the single family units averaged \$58,089 per unit, not including the land. By most standards, these would be affordable for moderate income households. Only two units cost between \$90,000 and \$110,000.

Although no sizable subdivisions have been annexed since 1978 there seems to be an adequate supply of building lots for new construction in the City. (See Map of Vacant Lots, Appendix). Congestion does not seem to be a problem. Developments and subdivisions have adequate sized lots for orderly development, and there do not seem to be significant areas of haphazard mobile homes, poorly constructed homes or other development problems. Several owners of large buildings in the central business district have expressed interest in developing these structures into living units conveniently located for senior citizens.

Through zoning and enforcement of the Uniform Building Codes, and the Flood Plain Ordinance, Miles City residents are familiar with processes involved in good planning for development. This facilitates the implementation of neighborhood revitalization programs.

Of the 289 substandard units identified in the 1991 area, 37 were rehabilitated under the 1991 program, including an 11 unit apartment building. As stated previously, housing rehabilitation and increased housing choices are priority activities for the City's housing plan.

The City has selected an area of the original Townsite that dates to 1887 as the most appropriate for the next phase of housing rehabilitation. Addressing the housing in this area will allow the City to assist in the rehabilitation of a substantial number of rental units, both single and multi-family. This

area is near downtown facilities, schools and churches, elements important to low income and single parent households and senior citizens. The area comprises a large tract just north of Main Street. Part of this area is located in the 100 year flood plain that has an "A-0" designation. (See attached Map.) This means that the maximum flooding would be no more than 1 foot during a 100 year flood (that would happen only if the existing levee were breached.) This is minimal risk, and will not increase the cost of rehabilitation of the units, since it requires only 12 inches of elevation for any new construction or additions. (See discussion on Flood Plain, Need Section, Page ???) It was established that the area contains approximately 351 housing units, within 28 City blocks. Of these, 155 are single family homes, and 196 are multifamily units, in groups of two or more, such as duplexes and apartment houses. There are twenty two mobile homes in the area (included in the single family number.

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PLAN FOR HOUSING REHABILITATION AND NEIGHBORHOOD REVITALIZATION
for
THE CITY OF MILES CITY, MONTANA

<u>Activity</u>	<u>Funding Sources</u>	<u>Estimated Amount</u>	<u>Schedule</u>
Rehabilitate 45 Housing Units, Demolish 6 dangerous buildings in 1991 Project Area	CDBG Housing and Neighborhood Revitalization Grant, HRDC, Bank funds Past Program Income, HPG funds	\$651,000	1992-93
Resurface 130 blocks of streets in Original Townsite	Gas tax funds, City-wide Maintenance District	\$49,000	1991-92
Replace water line on South Center, 200 & 300 Block	Water fund	\$45,000	1991
Reassess housing stock in Original Townsite to establish need for further rehab	City funds, Local Bank Past Program Income	\$ 3,500	1993
Rehabilitate 45 Housing units, demolish 4 dangerous buildings in the 1993 project area.	CDBG, FmHA, Program income HRDC, local bank funds, HUD HOME funds	\$850,000	1994-1996
Renovate former Garberson Clinic into nine Senior Apts.	CDBG, HUD HOME, Private funds	433,000	1994-95